

Message Text

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70

ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 COME-00 FMC-01 DOTE-00 STR-04

CIAE-00 DODE-00 INR-07 NSAE-00 CG-00 OFA-01 DLOS-04

TRSE-00 L-03 PA-01 PRS-01 XMB-02 AGR-05 CEA-01 FRB-03

H-02 INT-05 LAB-04 NSC-05 AID-05 CIEP-01 SS-15 TAR-01

USIA-06 SP-02 OMB-01 FEA-01 /095 R

DRAFTED BY EB/TT/MA:JPSTEINMETZ:EW
APPROVED BY EB/TT/MA:JPSTEINMETZ
MARAD:JHOEN ;MARAD:RBOURDON(INFO)
COM/IEPR:EANTOUN
FMC:FSHREVES
ARA/CEN:MPLATT
ARA/ECP:SFOUTS
EB/ITP/OT/STA:BBISHOP
DOT:PLARSEN (INFO)
STR:MPOMERANZ

----- 073482

R 302158Z OCT 75
FM SECSTATE WASHDC
TO AMEMBASSY GUATEMALA

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E.O. 11652: N/A

TAGS: EWWT, ETRD, GT, US

SUBJECT: DELTA/FLOMERCA DISPUTE

REF: A) GUATEMALA 5924 B) GUATEMALA 5748

1. RE PARA 10, REFTTEL A, UP-DATE CHECK WITH FMC INDICATES
IT EXPECTS TO COMPLETE AUDIT OF DATA SUPPLIED BY LINES
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PURSUANT TO SECTION 21 ORDERS WITHIN NEXT 10 DAYS AND

CONCEIVABLY COULD HAVE SECTION 19 ORDERS FORMULATED TWO TO THREE WEEKS THEREAFTER. STR NOW FOCUSING ON REBUTTAL BRIEFS (NOTE NO HEARINGS ARE INVOLVED) AND INFORMATION DEVELOPED EARLIER IN PREPARATION OF INTERAGENCY REPORT ON PRELIMINARY FINDINGS WITH RECOMMENDATIONS TO BE FORWARDED TO TRADE POLICY REVIEW GROUP FOR CONSIDERATION.

2. EXMIBAL'S BORGATTI CALLED ON ARA/CEN OCTOBER 24. GENERAL DISCUSSION OF COMPANY'S SITUATION ENSUED. RECOMMENDATION WAS MADE THAT EXMIBAL REP DISCUSS SPECIFIC PR-17 WAIVER PROBLEM WITH MARAD. BORGATTI, HOWEVER, DID NOT CALL THERE FOLLOWING DEPARTMENT TALKS. COMPANY REP HAS SINCE CALLED MARAD, AND A MEETING IS EXPECTED TO BE ARRANGED SHORTLY. A COMPANY REP (STATHAM, VP, INCO) ALSO CALLED AT FMC EARLIER IN WEEK AND EXPLAINED EXMIBAL SITUATION ALONG LINES REPORTED REFTEL B.

3. SPOT CHECK WITH MARAD INDICATES DELTA HAS NOT YET OFFICIALLY RAISED WAIVER QUESTION, BUT HAS INFORMALLY DISCUSSED MATTER SEVERAL TIMES. MARAD CONSIDERATION OF WAIVER PROBLEM WOULD NOT INVOLVE HEARINGS. PR-17 REQUIRES 100 PER CENT OF EXIMBANK-FINANCED CARGOES TO MOVE ON US FLAG BOTTOMS. FLAG VESSELS OF RECIPIENT COUNTRIES CAN BE PERMITTED TO CARRY UP TO 50 PER CENT OF CARGO GENERATED UNDER A SPECIFIC LOAN UPON APPROVAL BY MARAD OF A GENERAL WAIVER REQUESTED BY THE LOAN BENEFICIARY. PREREQUISITE FOR APPROVAL IS THAT RECIPIENT COUNTRY DOES NOT DISCRIMINATE AGAINST U.S. FLAG SHIPPING. WHERE THERE IS NO U.S. FLAG SERVICE, REQUEST CAN BE MADE FOR A STATUTORY WAIVER TO ALLOW USE OF THIRD FLAG VESSELS AS WELL AS THOSE OF RECIPIENT COUNTRY. MARAD STATES IT APPROVED STATUTORY WAIVER ON SEPTEMBER 4, 1973 PERMITTING USE OF GUATEMALAN AND THIRD FLAG VESSELS FROM U.S. ATLANTIC SEABOARD PORTS. WAIVER IS SUBJECT TO RECONSIDERATION AT ANY TIME. MARAD PRESENTLY AWAITING OFFICIAL MOVE BY DELTA AND PROVISION OF SUPPORTIVE EVIDENCE BEFORE ADDRESSING WAIVER PROBLEM. INGERSOLL

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